



Property Tax Apportionment

County of San Diego

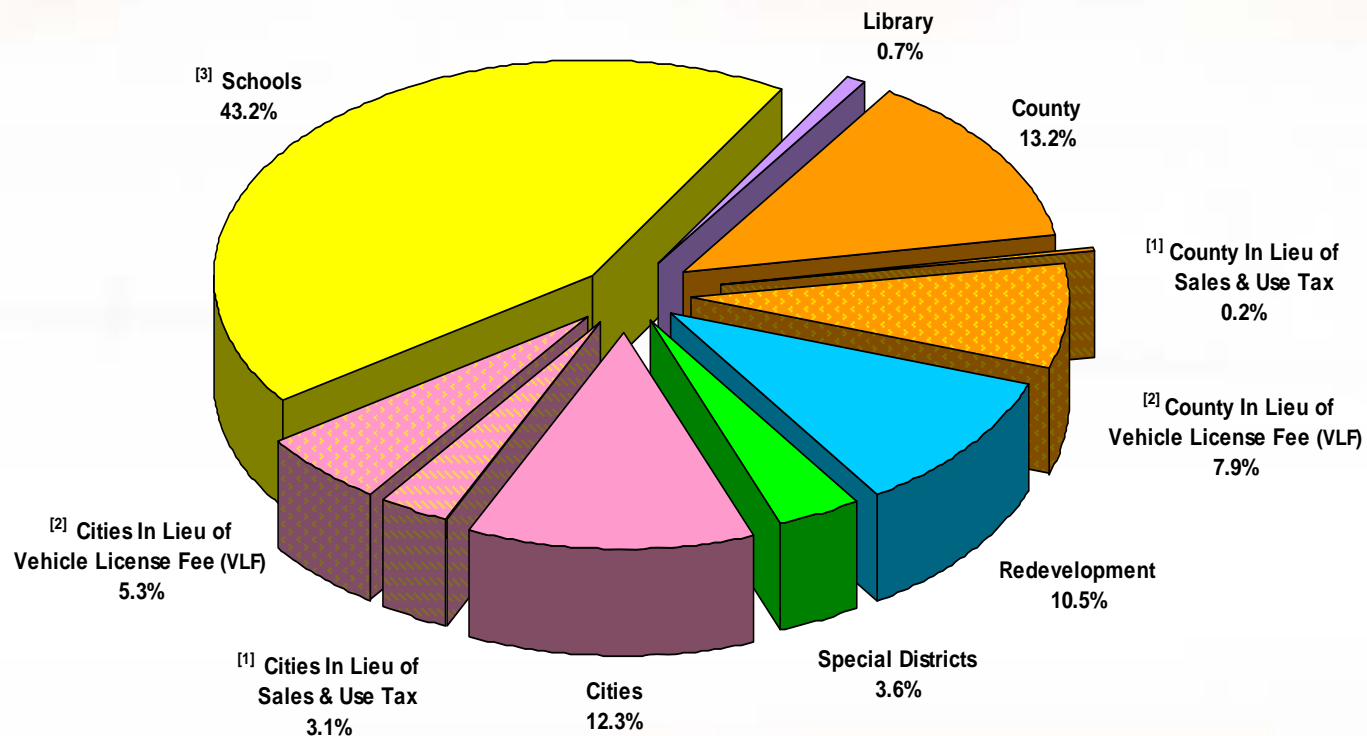
October 31, 2008

Agenda

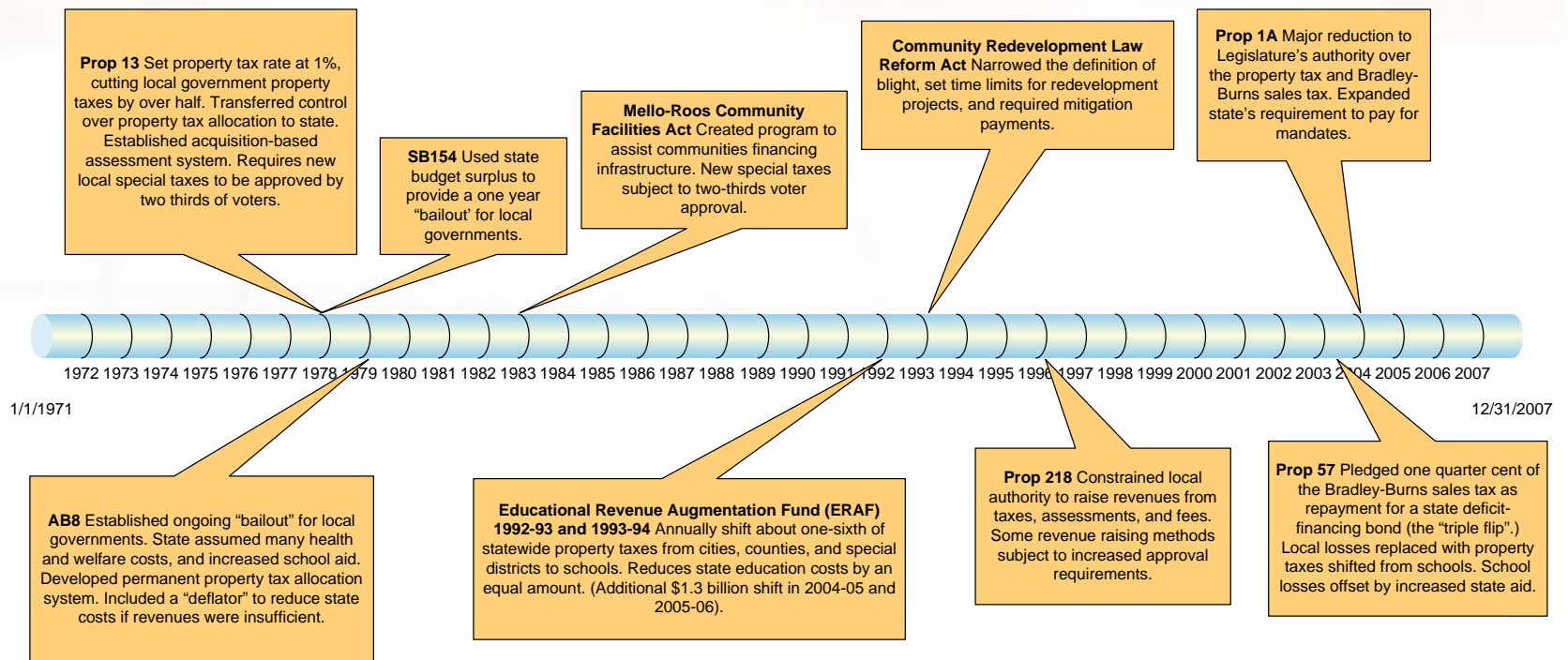
- How are tax apportionments calculated?
- Through what channels do the cash funds flow?
- What is the timing of the apportionment?

ESTIMATED 1% PROPERTY TAX REVENUE ALLOCATION FY 2008-2009

TOTAL REVENUE \$3,986,621,482



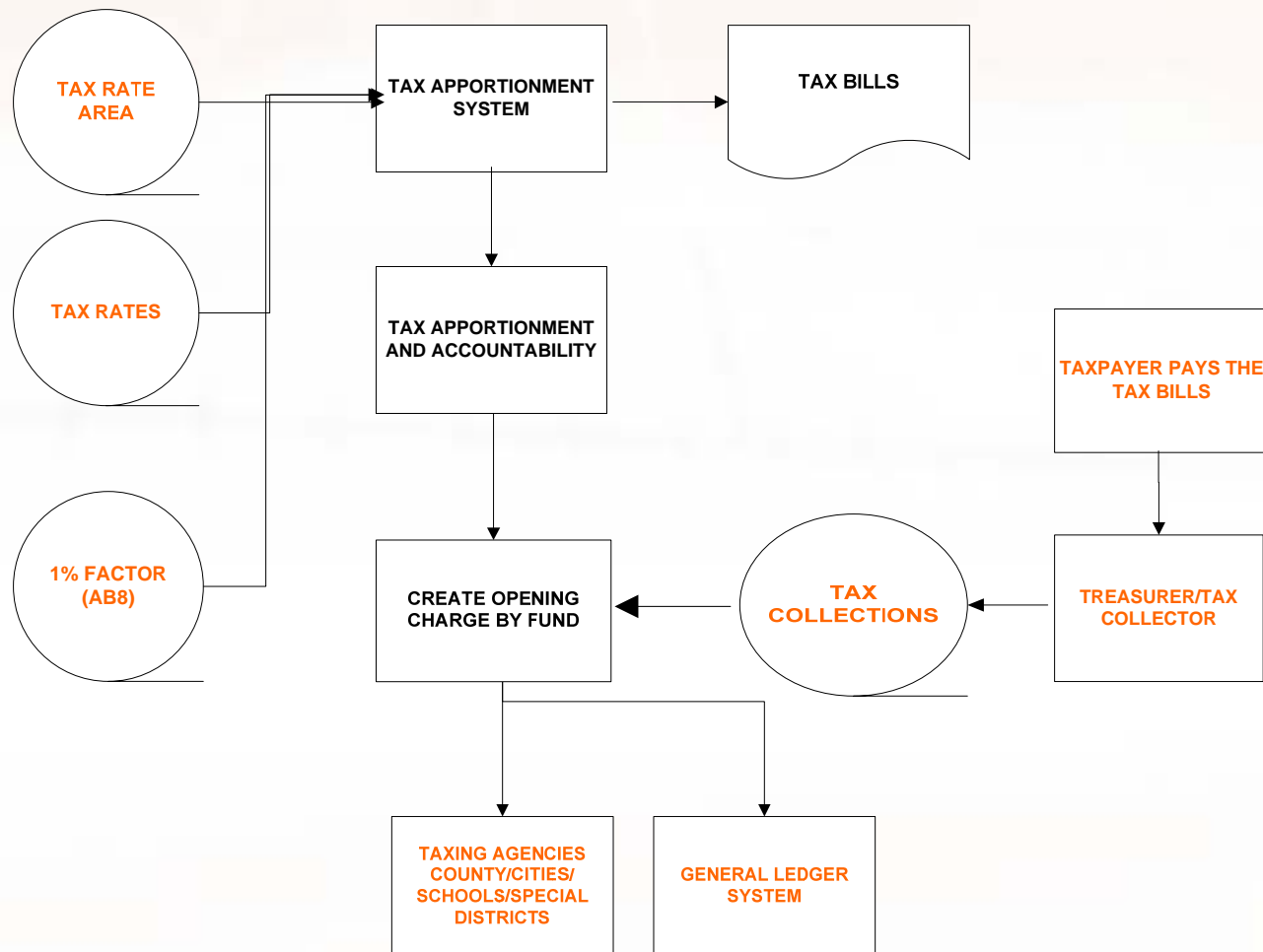
Major Milestones: State-Local Fiscal Relationship



What is Tax Apportionment?

- Apportionment is the process of allocating property tax revenues to taxing jurisdictions. Revenue and Taxation Code generally provides for the manner in which property taxes are apportioned.

Through What Channels Do the Cash Funds Flow ?

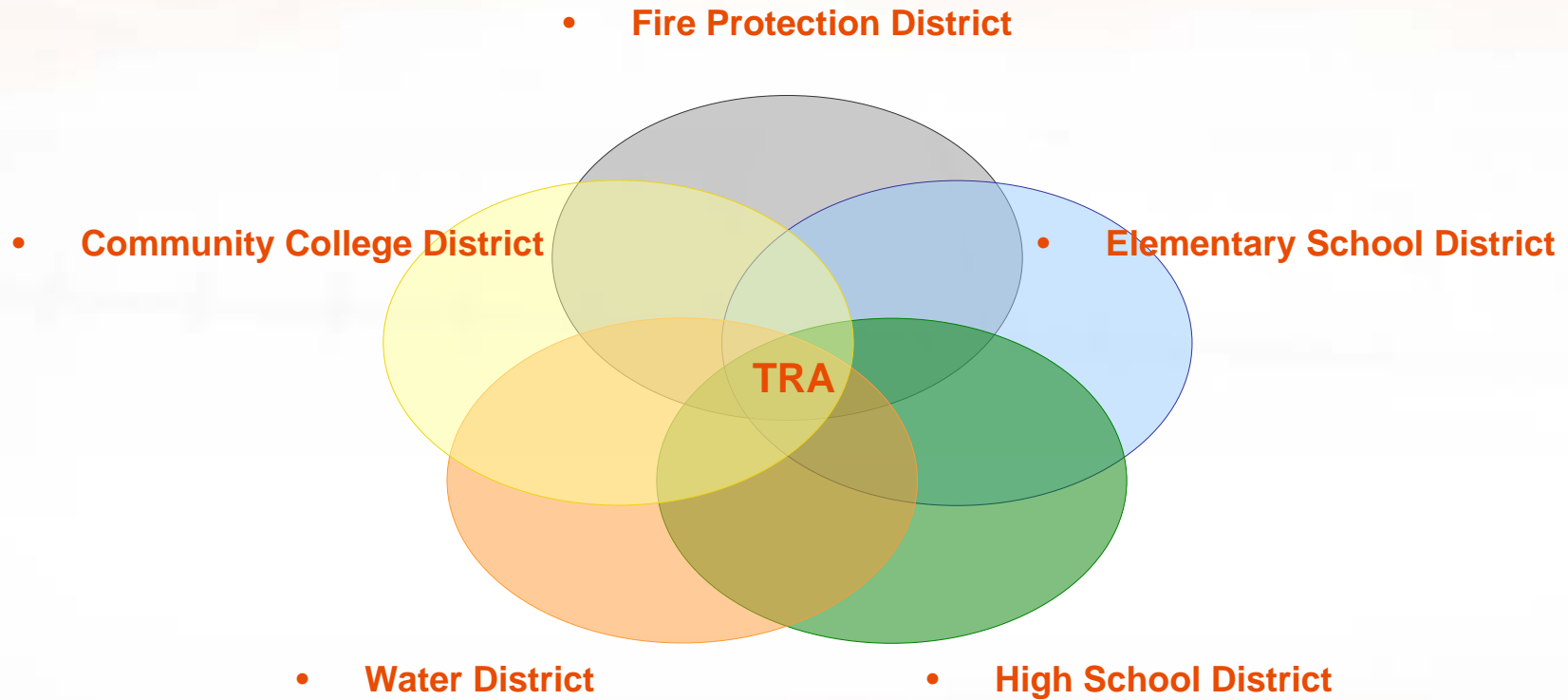


How are Tax Apportionments Calculated?

- Tax Rate Area (TRA)

- A specific geographic area all of which is within the jurisdiction of the same combination of local agencies and school entities for the current fiscal year. The TRA system is administered by State Board of Equalization (Board) and used by counties for the proper allocation of property tax revenues between counties, cities, schools and special districts.
- 4,924 TRAs in the County of San Diego
- Each TRA is composed of the following jurisdictions:
 - County
 - City (incorporated territory)
 - School Districts (Elem, HS, Unified SD, COE, College)
 - Special Districts

Tax Rate Area



How are Tax Apportionments Calculated?

- Tax Rates

- **Tax Rate = 1% + Debt Service Tax Rate**

- Example:

Tax Rate Area: 017098
Fiscal Year: 2008/2009

| Fund | Fund Description | Rate |
|----------------------------|---|----------------|
| 501800 | COUNTY-PROPOSITION 13 | 1.00000 |
| 307251 | PALOMAR POMERADO HEALTH 2005A - DEBT SERVICE | 0.01775 |
| 482055 | UNIFIED BOND POWAY-SCHOOL FAC IMP DIST NO. 2002-1 | 0.01684 |
| 482056 | UNIFIED BOND POWAY-SCHOOL FAC IMP DIST NO. 2002-1 | 0.02930 |
| 482057 | UNIFIED BOND POWAY-SCHOOL FAC IMP DIST NO. 2002-C | 0.00090 |
| 494050 | PALOMAR COMMUNITY COLL PROP M 11/07/06, 2006A | 0.01322 |
| 672506 | MWD D/S REMAINDER OF SDCWA 15019999 | 0.00430 |
| TOTAL RATE. | | 1.08231 |

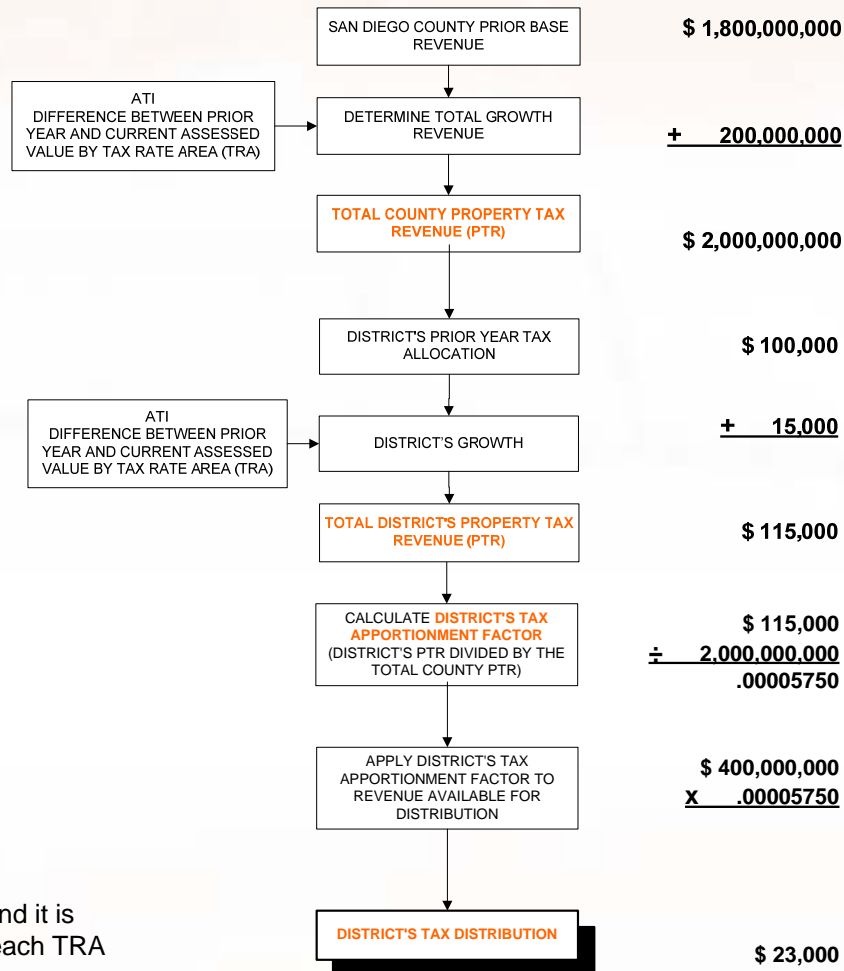
How are Tax Apportionments Calculated?

• AB8 1% Factor

AB8 provided procedures for an equitable allocation of 1% property taxes that would change in proportion with the increase or decrease of assessed values. The basic premise of AB8 is to allocate to each taxing jurisdiction the amount it received in the prior year, plus a share of the change that has occurred in the current year within its boundaries.

- Examples of events that would result in changes to assessed valuation for a specific TRA:
 - Annexations or Detachments
 - Formation or Dissolution of Districts
 - City incorporations
 - Negotiated Agreements
 - Legislative changes (e.g. ERAF)

AB-8 TAX ALLOCATION PROCESS



ATI = Annual Tax Increment and it is
calculated annually for each TRA

How are Tax Apportionments Calculated?

- SAMPLE ATI CALCULATION:**

| TRA = 001000 | ATI RATIO | 2007-08 | 2006-07 | TAX BASE | 2007-08 |
|---|-------------------|---------------------|----------------------|-------------------|----------------------|
| | | ATI | TAX BASE | EXCHANGE | TAX BASE |
| 1001-00 COUNTY GENERAL | 0.15928411 | 207,242.39 | 3,135,882.20 | (2,709.32) | 3,340,415.27 |
| 4117-01 GEN ELEM CHULA VISTA | 0.29035206 | 377,773.08 | 5,661,324.95 | 3,247.51 | 6,042,345.54 |
| 4259-01 HIGH SWEETWATER UNION | 0.18779946 | 244,343.30 | 3,610,352.72 | 1,446.64 | 3,856,142.66 |
| 4460-01 SOUTHWESTERN COMMUNITY COLLEGE | 0.05062263 | 65,864.41 | 975,845.19 | 426.05 | 1,042,135.65 |
| 4535-01 COUNTY SCHOOL SERVICE | 0.00783527 | 10,194.36 | 145,966.56 | 39.70 | 156,200.62 |
| 4535-04 COUNTY SCHOOL SERVICE-CAPITAL OUTLAY | 0.00216716 | 2,819.66 | 38,169.73 | 8.45 | 40,997.84 |
| 4535-15 CHILDRENS INSTITUTIONS TUITION | 0.00186755 | 2,429.84 | 32,532.90 | 6.85 | 34,969.59 |
| 4535-16 REGIONAL OCCUPATIONAL CENTERS | 0.00509063 | 6,623.35 | 93,763.48 | 24.49 | 100,411.32 |
| 4535-19 CHULA VISTA PROJECT (19/84601) | 0.00023731 | 308.76 | 3,920.07 | (0.66) | 4,228.17 |
| 4535-22 CHULA VISTA PROJECT (19/84602) | 0.00040896 | 532.09 | 7,576.42 | 1.83 | 8,110.34 |
| 5022-00 EDUCATIONAL REVENUE AUGMENTATION FUND | 0.14682124 | 191,027.10 | 2,717,039.61 | (2,684.75) | 2,905,381.96 |
| 6014-00 CHULA VISTA CITY | 0.14374232 | 187,021.16 | 2,651,051.00 | (2,786.16) | 2,835,286.00 |
| 6750-31 CWA SOUTH BAY IRRIGATION | 0.00377130 | 4,906.79 | 71,765.60 | 21.02 | 76,693.41 |
| | 1.00000000 | 1,301,086.29 | 19,145,190.43 | (2,958.35) | 20,443,318.37 |

Educational Revenue Augmentation Fund

- ERAF (Educational Revenue Augmentation Fund)
 - ERAF I was implemented in 1992/93 which provided for the transfer of property tax revenues from County, cities and special districts to be allocated to schools. The transfer amount was based on formulas specified in statutes and included an ERAF ATI factor so ERAF would continue to receive funding in future years.
 - ERAF II occurred in 1993/94 which required additional transfer of property tax revenues from County, cities and special districts to be allocated to schools. The required transfer was based on revenues allocated in the prior year without any provisions for growth.
 - ERAF III was implemented for fiscal years 2004/05 and 2005/06. The contribution amount for County, cities and special districts was determined by Dept. of Finance.

What is the Timing of the Distribution?

- **13 Distributions in a year**
 - One monthly distribution July through May and 2 distributions in June.
- **Distribution**
 - Distribution = Collections plus/minus Refunds and Adjustments
 - Jurisdiction funds are wired to Bank (Cities and some independent districts), or
 - Deposited in County Treasurer Pool/ Oracle General Ledger (Schools and some independent districts)
- **Percentage Distributions in December and April**
 - These distributions include regular collection PLUS advanced funds to agencies. The goal is to distribute 40% in December and 86% in April of the jurisdictions' opening charge.
- **Teeter Buyout Distribution in June**
 - County advances the delinquent receivables of agencies participating in Teeter Plan. When receivable is paid by taxpayers, County gets the portion of penalty payment.

Questions and Answers

- For additional information:
 - Auditor and Controller – Property Tax Services
 - Website: www.sdpts.com
 - Email: proptax@sdcounty.ca.gov
 - Telephone Number: (619) 531-5399